

Exhibit “B”

WASTE REDUCTION AND RECYCLING DEMONSTRATION GRANT PROGRAM

Financial Guidelines

Introduction

The purpose of this guide is to assist grant recipients in meeting the financial and record keeping requirements of the Innovative Solid Waste Reduction and Recycling Grant Program. The basis for these guidelines is contained under s. 287, Wis. Stats, and ss. NR 548, Wis. Adm. Code.

General

1. Grant payment shall be requested on Form 8700-219, “Request for Advance or Reimbursement,” two copies of which are included in the grant packet.
 - a. The grant recipient may request a 75% advance payment once the grant offer is signed, final accountability for any funds advanced to be documented on the final payment request. Any advanced funds unexpended at project completion must be refunded to the Department within 60 days of the end of the grant period.
 - b. The grant recipient must request final payment within 60 days of the end of the grant period or completion of the project, whichever occurs first. However, the Department will not process the final payment until the final project report is received and approved.
2. Final grant payment is limited to the grant award or to 50% of actual eligible costs incurred, whichever is lower, less any advance payment, 75% of actual eligible costs for community-wide waste reduction projects. Therefore, any additional expenditure above the total of the original estimated project costs shall not be considered for matching payment by the Department, and total payments under any one grant can never exceed \$150,000.00.
3. Although matching contributions may include funding from other sources, the code requires the grant recipient itself to contribute in cash or in-kind sum equal to at least 25% of actual eligible project costs.

Accounting Requirements

The grant recipient must maintain fiscal controls and fund accounting procedures that will reflect the total costs of the project as well as project funding by source. The grant recipient must maintain an accounting system that incorporates appropriate controls and safeguards and accurately reflects all fiscal transactions. This system should provide a good audit trail, particularly to the source or original documents (i.e., detailed receipts, bills, invoices, timecards, etc.) of all transactions. The system should also provide accounting data so that the costs of the demonstration project are reflected in a manner clearly separate from the grant recipient’s other activities and projects.

Fiscal controls and accounting procedures used to record project costs should be based on generally accepted accounting principles and standards, and should meet the following requirements:

1. Project accounts should separate grant receipts and eligible expenditures from those allocable to other projects and activities.
2. Expenditures should be listed by category and in sufficient detail to provide a basis for accurate and complete project reporting.
3. All project receipts should be identified in sufficient detail to reflect their source, nature and purpose.
4. Supporting records for all project expenditures should be itemized in sufficient detail to reflect the nature and propriety of each. Proof of payment, such as canceled checks or receipts from vendors, should be maintained.
5. Payroll records should be maintained that reflect actual project hours worked by each employee as well as allocable gross wages and fringe benefits paid. These should be backed up by time and attendance records that describe the work performed, specify the project hours worked by day, and are both signed by the employee and bear evidence of management review and approval, and by computations showing hourly pay rates and allocation of fringe benefits.

Allowable Costs

Any reasonable and necessary project-related expense that is consistent with the approved project scope, and is incurred during the grant period, is eligible. Eligible expenses may include:

1. Payroll costs: Salary or wages of these employees directly engaged in the execution of the project, including costs of supervision, are allowable for that portion of time spent on the project.
2. Fringe benefits: Fringe benefits (employers share of Social Security, unemployment compensation, workers compensation, group health/life insurance, retirement/pension costs, etc.) that are regularly provided to employees by the grant recipient are legitimate personal services costs and are eligible as grant costs when properly computed in proportion to the hours or payroll dollars allocated as above. Vacation, holiday, or sick leave pay is eligible only to the extent it is earned by an employee while working on the project.
3. Capital Expenditures: Purchases of equipment costing \$1,000.00 or more with an expected life of 3 years or longer, require treatment as capital expenditures with cost recovery on an amortized basis.
4. Non-capital Equipment, Materials and Supplies: Non-capital equipment, materials and supplies may be purchased for the project or may be drawn from a central stock on an established charge-back basis. All items shall be competitively purchased as required by applicable statute.
5. Equipment rental: Daily records should be maintained that substantiate the hourly use of each equipment item used on the project as well as the actual cost of rental. "Force account" use of the grant recipient's own equipment not purchased with grant monies is limited to the countywide rates established by the Department of Transportation.

6. Other: Eligible costs in addition to the above major cost categories may include other expenditures for items considered necessary and directly related to the project such as printing or copying costs, etc.

Non-allowable Costs

The following costs are not eligible for financial assistance under the program:

1. Costs incurred either prior to the beginning of the grant period or after its end.
2. Fines and penalties.
3. Interest or finance charges.
4. Costs incurred in a transaction creating a real or apparent conflict of interest.
5. Costs eligible under any other state or federal financial assistance program.

Record and Retention and Audits

The Department has the right to audit or examine all books, papers, accounts, documents, or other records of the grant recipient as they relate to project costs for which state funds were granted. The purpose of the audit would be to verify compliance with the terms of the grant agreement and that claimed project costs qualify under the provisions of the statute and were actually incurred.

The grant recipient must retain all project records until final resolution of any audit findings, or for a period of three years following the end of the grant period, whichever is later.